

If an application is withdrawn by the applicant, rejected by the Government, or terminates, any abstract of title submitted by the applicant as evidence of his surface title will be returned to him.

(e) *Establishment of fair market value.* In fair market value areas, appraisals will be required and the reserved mineral interests will be sold for their fair market value. "Fair market value" as applied to the sale of such reserved mineral interests means the cash price for which they could reasonably be expected to sell upon negotiations between a reasonably well-informed owner who is willing but not obligated to sell, and a reasonably well-informed buyer who is able and willing but not obligated to buy.

(1) *Fair market value.* The fair market value of the reserved mineral interests in each case will be established by the State Director taking into consideration the appraisal information, his personal knowledge, and any other available pertinent information, including any information which is obtainable from State authorities on mineral development, production, and other relevant matters.

(2) *Appraisal by County Committee and County Supervisor.* A fair market value appraisal will be made by the appropriate Farmers Home Administration County Committee and County Supervisor for the reserved mineral interests covered by each application in fair market value areas. Some of the factors to be considered in making such appraisals and to be covered by the appraisal report are geological information which may be available, leasing activity, lease bonus and rental prices, prices being paid for royalty or mineral rights in the immediate area, trading activity in royalty or minerals and leases, proximity to drilling or mining activity, and results of previous drilling or mining operations.

(3) *Technical appraisals.* In some cases, the State Director may, because of the existence of development or other conditions, deem it necessary to obtain technical appraisals by persons experienced in the field of appraising minerals. Such appraisals may be made by qualified Government appraisers or by other qualified persons.

[16 F. R. 1927, Mar. 1, 1951, as amended at 16 F. R. 5411, June 8, 1951; 18 F. R. 2635, May 7, 1953]

§ 386.5 Failure to accept delivery of quitclaim deeds.

In any case in which the applicant does not accept delivery of the quitclaim deed of mineral interests (and pay the purchase price in fair market value areas) within fifteen (15) days from the date delivery is tendered to him, the contract resulting from the application, offer, and acceptances will terminate automatically, and the County Supervisor will return the deed to the State Director for cancellation. The applicant will agree to such cancellation by the execution of a rider attached to his application Form FHA-987 or FHA-990, and made a part of such application.

[24 F.R. 3181, Apr. 24, 1959]

PART 387—SALE OF ABSTRACTS OF TITLE

Sec.

387.1 General.

387.2 Sales authority.

387.3 Sales.

AUTHORITY: The provisions of this Part 387 issued under R.S. 161; 5 U.S.C. 22. Interpret or apply sec. 203, 63 Stat. 385, as amended; 40 U.S.C. 484.

SOURCE: The provisions of this Part 387 appear at 17 F.R. 6755, July 24, 1952, except as otherwise noted.

§ 387.1 General.

Government-owned abstracts of title covering lands in which the Government no longer has any interest will be considered surplus personal property and sold. By memorandum dated February 27, 1952, the Administrator, General Services Administration, authorized the Secretary of Agriculture to dispose of surplus property abstracts under his jurisdiction without further report of such abstracts to that Administration.

§ 387.2 Sales authority.

State Directors, State Field Representatives, and County Supervisors are authorized to dispose of surplus abstracts of title as outlined in this part. Finance Office officials have negotiated sales authority.

§ 387.3 Sales.

Sales of surplus abstracts of title will be for cash and generally will be negotiated in cases where the reasonable recovery value involved in any one sale does not exceed \$500. In the event it appears that the reasonable recovery

value in any one sale will exceed \$500, it is required that such abstracts be advertised for sale. All abstracts covering land owned by a particular individual may be sold as a unit, even though they cover separate, noncontiguous tracts.

(a) *Negotiated sales.* Sales will be negotiated to the extent practical, at the best price obtainable, with (1) the owners, either surface or mineral, (2) local title companies, lawyers, or other persons engaged in preparing abstracts of title for the public generally, and (3) persons holding a mortgage or other interest. When equal offers are received from owners and others, the sale should be made to the owners. In those cases where an abstract covers a tract of land which has been subdivided, and the land interests are held by several parties, determination should be made as to whether they wish to purchase the abstract jointly. If all of them are not interested in making a joint purchase of the abstract, the abstract may be sold to any one or more of the several owners who are interested in buying it.

(b) *Advertised sales.* If there should be cases where it appears that the reasonable recovery value of surplus abstracts of title in any one sale will exceed \$500, the Finance Office will furnish the State Office with the required invitation to bid forms and necessary instruction for handling the matter and for the return of the bid docket to the Finance Office for execution of the contract of sale by an authorized contracting officer.

[17 F.R. 6755, July 24, 1952, as amended at 18 F.R. 4924, Aug. 19, 1953]

PART 391—WATERSHED LOANS

Subpart A—Policies and Authorities

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- 391.1 General.
- 391.2 Application for loans.
- 391.3 Eligibility for loans.
- 391.4 County Committee recommendations and comments.
- 391.5 Loan purposes.
- 391.6 Loan limitations.
- 391.7 Special requirements.
- 391.8 Terms of loans.
- 391.9 Security requirements.
- 391.10 Approval of loans.
- 391.11 Planning advances.
- 391.12 Multiple loan advances.
- 391.13 Loan closing.
- 391.14 Use of and accountability for loan funds.
- 391.15 Accounts and records of local organization.

Subpart B—Processing and Servicing

- 391.21 General.
- 391.22 Application for loan.
- 391.23 County Committee recommendations.
- 391.24 Preparation, assembly, and submission of loan dockets.
- 391.25 Approval of loans.

AUTHORITY: The provisions of this Part 391 issued under R.S. 161, 5 U.S.C. 22. Interpret or apply secs. 1–8, 68 Stat. 666–668, as amended, secs. 8, 9, 70 Stat. 1090; 16 U.S.C. 1001–1007, 1006a, 1006b, E.O. 10584, 19 F.R. 8725, 3 CFR 1954 Supp.

Subpart A—Policies and Authorities

SOURCE: The provisions of this Subpart A appear at 23 F.R. 239, Jan. 14, 1958, except as otherwise noted.

§ 391.1 General.

Watershed loans to local organizations are authorized under the Watershed Protection and Flood Prevention Act (Pub. Law 566, 83d Cong., as amended by Pub. Law 1018, 84th Cong.) referred to in this part as the act. The Secretary of Agriculture is authorized by the act to give technical and financial help to local organizations in planning and carrying out works of improvement for protecting and developing the land and water resources in small watershed or subwatershed project areas. Local people acting through their own local organizations must take the initiative and full responsibility for starting small watershed projects.

(a) *Definitions.* (1) For Watershed loan purposes, the term "local organization" means a State or a department, agency, or political subdivision thereof, soil or water conservation district, irrigation district, drainage district, flood prevention or control district, municipal corporation, or similar agency having authority under State law to carry out, maintain and operate works of improvement, and to borrow any repay loans for the installation thereof.

(2) "Works of improvement" are defined as structural or land treatment measures needed in small watershed or subwatershed areas and included in a watershed work plan for (i) flood prevention to reduce floodwater, sediment, and erosion damage, or (ii) the conservation, development, utilization, and disposal of water.

(3) A "watershed work plan" is a plan agreed upon by a local organization and the Soil Conservation Service for carrying out, operating, and maintaining